

# NO ANALYSIS REQUIRED

## Franchise Tax Board

Author: Senate Rev & Tax Committee Analyst: Marion Mann DeJong Bill Number: SB 1061

Related Bills: None Telephone: 845-6979 Amended Date: 04/10/2003

Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Water's-Edge Election Procedures/Definition of "Taxable Year" for Calendar or Fiscal Years Beginning on or after January 1, 2000

- \_\_\_\_ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.
- \_\_\_\_ TECHNICAL BILL -- No program or fiscal changes to existing program.
- \_\_\_\_ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.
- X TECHNICAL AMENDMENT -- No change in previously submitted analysis required. Approved position of prior analysis is Support.
- X MINOR AMENDMENT -- No change in previously submitted analysis required. Approved position of prior analysis is Support.
- \_\_\_\_ MINOR AMENDMENT -- No change in approved position of \_\_\_\_\_.  
See comments below.
- \_\_\_\_ OTHER - See comments below.

### COMMENTS:

This Franchise Tax Board sponsored bill would:

1. Add a definition of the term "taxable year" for California franchise tax purposes that was inadvertently repealed for taxable years beginning on or after January 1, 2000.
2. Fundamentally reform the water's-edge election procedures to resolve problems that arise with elections made under the current contract rules. Under this bill, water's-edge elections would be made by statutory election rather than by contract.

The April 10, 2003, amendments deleted the provisions of the bill that would have partially conformed California law to the federal claim of right provisions (Revenue and Taxation Code Sections 17049 and 17076). These provisions were not discussed in the department's analysis of the bill as introduced February 27, 2003.

The April 10, 2003, amendments also made the department recommended technical change to the water's-edge election procedures.

Except for the "Technical Considerations" discussion under the "Water's-Edge Election Procedures," the department's analysis of the bill as introduced February 27, 2003, still applies. The Board position remains support.

#### Board Position:

<u>X</u> S	____ NA	____ NP
____ SA	____ O	____ NAR
____ N	____ OUA	____ PENDING

Franchise Tax Board Staff  
Marion DeJong

Date  
04/15/03